

Roosevelt City Corporation
Duchesne County, Utah

ANNUAL FINANCIAL REPORT

For the Year Ended June 30, 2005

Roosevelt City Corporation
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June 30, 2005

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INDEPENDENT AUDITOR'S REPORT

Honorable Mayor, Members of the City Council
Roosevelt City Corporation
Roosevelt, Utah

I have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of Roosevelt City Corporation as of and for the year ended June 30, 2005, which collectively comprise the City's basic financial statements as listed in the table of contents. My responsibility is to express an opinion on these financial statements based on my audits.

I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audit provides a reasonable basis for my opinion.

In my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of Roosevelt City Corporation as of June 30, 2005, and the respective changes in financial position, and the cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, I have also issued my report dated December 31, 2005, on my consideration of Roosevelt City Corporation's internal control over financial reporting and on my tests of its compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of my audit.

The management's discussion and analysis and budgetary comparison information, as noted on the table of contents, are not a required part of the basic financial statements but are supplementary information required by the accounting principles generally accepted in the United States of America. I have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, I did not audit the information and express no opinion on it.

My audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Roosevelt City Corporation financial statements. The individual nonmajor fund financial statements have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in my opinion, are fairly stated in all material respects in relation to the financial statements taken as a whole.



McNeil Duncan
December 31, 2005

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MANAGEMENT'S DISCUSSION AND ANALYSIS

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Roosevelt City Corporation
Management's Discussion and Analysis
June 30, 2005

As management of Roosevelt City Corporation (the City), we offer readers of the City's financial statements this narrative overview and analysis of financial activities of the City for the fiscal year ended June 30, 2005.

FINANCIAL HIGHLIGHTS

- *Total net assets for the City as a whole increased by \$890,120.
- *Total unrestricted net assets for the City as a whole increased by \$576,769.
- *Total net assets for governmental activities increased by \$708,216.
- *Total net assets for business-type activities increased by \$181,904.

BASIC FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the basic financial statements of Roosevelt City Corporation. The basic financial statements comprise three components: (1) government wide financial statements, (2) fund financial statements, and (3) notes to the financial statements.

Government-wide financial statements. The government-wide financial statements are designed to provide readers with a broad overview of the City's finances, in a manner similar to a private-sector business.

The statement of net assets presents information on all of the City's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

The statement of activities presents information showing how the City's net assets changed during the fiscal year reported. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The statement of activities is presented on two pages. The first page reports the extent to which each function or program is self-supporting through fees and intergovernmental aid. The second page identifies the general revenues of the City available to cover any remaining costs of the functions or programs.

Roosevelt City Corporation
Management's Discussion and Analysis
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Fund financial statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City also uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into two categories: governmental funds and proprietary funds.

Governmental funds. These funds are used to account for the same functions reported as governmental activities in the government-wide financial statements. Governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year.

Because of the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for government funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the government fund balance sheet and the government fund statement of the revenues, expenditures, and changes in fund balances provide reconciliation to facilitate this comparison between governmental funds and governmental activities.

The City's general fund and capital projects fund are reported as major governmental funds.

The City adopts an annual appropriated budget for its general and capital project funds. A budgetary comparison schedule has been provided to demonstrate legal compliance with the adopted budget for the general fund.

The basic governmental fund financial statements can be found later in this report; see Table of Contents.

Proprietary funds. The City maintains one type of proprietary fund. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses three enterprise funds to account for the operations of the water, sewer, and garbage utilities.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The enterprise funds are considered major funds of the City.

The proprietary fund financial statements can be found later in this report; see Table of Contents.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements are reported later in this report; see Table of Contents.

Other information. In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the City.

Roosevelt City Corporation
Management's Discussion and Analysis
June 30, 2005

FINANCIAL ANALYSIS

Roosevelt City Corporation's Net Assets

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total Current Year</u>	<u>Total Previous Year</u>
	<u>Current Year</u>	<u>Previous Year</u>	<u>Current Year</u>	<u>Previous Year</u>		
Current and other assets	\$ 2,574,856	2,383,369	1,668,355	1,765,007	4,243,212	4,148,376
Capital assets	<u>8,456,126</u>	<u>7,938,030</u>	<u>9,033,761</u>	<u>9,174,979</u>	<u>17,489,887</u>	<u>17,113,008</u>
Total assets	<u>11,030,983</u>	<u>10,321,398</u>	<u>10,702,116</u>	<u>10,939,986</u>	<u>21,733,099</u>	<u>21,261,384</u>
Long-term liabilities	1,540,000	1,659,000	2,207,506	2,517,730	3,747,506	4,176,730
Other liabilities	<u>872,155</u>	<u>751,787</u>	<u>680,315</u>	<u>789,865</u>	<u>1,552,470</u>	<u>1,541,651</u>
Total liabilities	<u>2,412,155</u>	<u>2,410,787</u>	<u>2,887,821</u>	<u>3,307,595</u>	<u>5,299,976</u>	<u>5,718,381</u>
Net assets:						
Invested in capital assets, net of debt	6,916,126	6,279,030	6,826,255	6,657,249	13,742,381	12,936,278
Restricted	429,529	661,676	361,754	622,358	791,283	1,284,034
Unrestricted	<u>1,273,172</u>	<u>969,906</u>	<u>626,287</u>	<u>352,784</u>	<u>1,899,459</u>	<u>1,322,690</u>
Total net assets	<u>\$ 8,618,828</u>	<u>7,910,612</u>	<u>7,814,295</u>	<u>7,632,391</u>	<u>16,433,123</u>	<u>15,543,003</u>

As noted earlier, net assets may serve over time as a useful indicator of financial position. Total assets exceeded total liabilities at the close of the year by \$16,433,123, an increase from the previous year of \$890,120. This change is equivalent to the net income for the year, in private sector terms.

Total unrestricted net assets at the end of the year are \$1,899,459, which represents an increase of \$576,769 from the previous year. Unrestricted net assets are those available to finance day-to-day operations without constraints established by debt covenants, enabling legislation, or other legal requirements.

The amount of current and other assets represent the amounts of cash and receivables on hand at the end of each year. Other liabilities are the amounts of current and other assets due, at year end, for goods and services acquired.

Changes in capital assets are the result of the difference, in the current year, of the cost of acquisition of capital assets and any depreciation charges on capital assets. Change in long-term debt is the difference in the amount of debt issued and that which has been paid during the year.

Roosevelt City Corporation
Management's Discussion and Analysis
June 30, 2005

FINANCIAL ANALYSIS (continued)

Roosevelt City Corporation's Changes in Net Assets:

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	<u>Total</u>
	<u>Current Year</u>	<u>Previous Year</u>	<u>Current Year</u>	<u>Previous Year</u>	<u>Current Year</u>	<u>Previous Year</u>
Program revenues:						
Charges for services	\$ 717,021	613,995	2,177,284	2,088,441	2,894,304	2,702,437
Operating grants	171,512	352,142			171,512	352,142
Capital grants	268,579	619,284			268,579	619,284
General revenues:						
Property taxes	601,245	547,311	-	-	601,245	547,311
Sales taxes	1,291,787	1,197,010			1,291,787	1,197,010
Franchise taxes	406,783	316,394			406,783	316,394
Other revenues	81,564	72,112	5,192	13,098	86,756	85,210
Total revenues	<u>3,538,490</u>	<u>3,718,248</u>	<u>2,182,476</u>	<u>2,101,540</u>	<u>5,720,966</u>	<u>5,819,788</u>
Expenses:						
General government	558,364	563,976			558,364	563,976
Public safety	1,037,321	1,003,425			1,037,321	1,003,425
Streets and highways	524,915	559,310			524,915	559,310
Parks and recreation	846,896	808,887			846,896	808,887
Interest on long-term debt	34,778	26,530			34,778	26,530
Water			1,087,779	1,047,012	1,087,779	1,047,012
Sewer			286,148	246,000	286,148	246,000
Garbage			454,645	443,734	454,645	443,734
Total expenses	<u>3,002,275</u>	<u>2,962,127</u>	<u>1,828,572</u>	<u>1,736,746</u>	<u>4,830,847</u>	<u>4,698,873</u>
Excess (deficiency) before transfers	536,215	756,121	353,904	364,793	890,119	1,120,914
Transfers	172,000	130,140	(172,000)	(130,140)	-	-
Increase (decrease) in net assets	<u>708,215</u>	<u>1,079,877</u>	<u>181,904</u>	<u>234,653</u>	<u>890,119</u>	<u>1,120,914</u>
Net assets, ending	<u>\$8,618,827</u>	<u>7,910,612</u>	<u>7,814,295</u>	<u>7,642,156</u>	<u>16,433,122</u>	<u>15,552,768</u>

Total revenues decreased by \$98,822, while total expenses increased by \$131,974. The total net increase for the year of \$890,119 is a decrease from the previous year of \$230,795.

Governmental activities revenue of \$3,538,490 is a decrease of \$179,758 from the previous year. This is primarily a result of less operating and capital grants during the current year.

Governmental activities expense of \$3,002,275 is an increase of \$40,148 from the previous year.

Business-type activities revenue of \$2,182,476 is an increase of \$80,936 from the previous year.

Business-type activities expense of \$1,828,572 is an increase of \$91,826 from the previous year.

Roosevelt City Corporation
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BALANCES AND TRANSACTIONS OF INDIVIDUAL FUNDS

Some of the more significant changes in fund balances and fund net assets and any restrictions on those amounts are described below:

General Fund

The general fund balance of \$1,273,546 reflects an increase of \$634,700 from the previous year. Total revenues, excluding transfers, increased \$281,414. Tax revenues, including property taxes and sales taxes increased \$245,413. Intergovernmental revenues decreased \$99,639. Charges for services increased \$67,034. Other revenues increased \$68,605.

Total expenditures, excluding transfers, decreased \$46,667. Expenditure changes, by function, excluding capital outlay and debt service: general government decreased by \$10,694, public safety (fire, police, and animal control) increased by \$4,830, highways and public improvements decreased by \$42,086, and parks, recreation and public property increased by \$14,217. Total expenditure from the general fund for capital outlay for all departments was \$24,725. Total debt service paid by the general fund was \$40,000.

Net transfers into the fund of \$61,849 increased \$132,049 over the previous year.

Net assets restricted for class C Roads are \$156,118.

Water Fund

Net increase before transfers was \$171,194. Net assets restricted for bond payments amount to \$353,429. Unrestricted net assets is a deficit in the amount of \$374,114.

Sewer Fund

Net increase before transfers was \$182,426. Net assets restricted for debt service amount to \$8,325. Unrestricted net assets amount to \$1,000,117.

GENERAL FUND BUDGETARY HIGHLIGHTS

Revenues for the current year, exclusive of transfers and fund balance appropriations, were originally budgeted in the amount of \$2,660,525. This amount was changed in the final budget to \$2,834,975.

Expenditures for the current year, excluding transfers, were originally budgeted in the amount of \$2,728,350. This amount was amended in the final budget to \$2,902,800.

Net transfers for the year were originally budgeted in the amount of \$23,954. The final net transfer budget was \$23,954.

Roosevelt City Corporation
Management's Discussion and Analysis
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CAPITAL ASSET AND DEBT ADMINISTRATION

Roosevelt City Corporation's Capital Assets (net of depreciation):

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total Current Year</u>	<u>Total Prior Year</u>
	<u>Current Year</u>	<u>Previous Year</u>	<u>Current Year</u>	<u>Previous Year</u>		
Net Capital Assets:						
Land and water rights	\$ 476,389	476,389	1,682,585	1,677,538	2,158,974	2,153,928
Buildings	2,534,157	2,622,020			2,534,157	2,622,020
Improvements other than buildings	1,791,070	1,883,128	297,594	291,790	2,088,664	2,174,918
Equipment	900,057	892,690	289,866	235,311	1,189,923	1,128,001
Infrastructure	1,756,626	1,916,317	6,615,211	6,920,702	8,371,837	8,837,019
Work in progress	<u>997,826</u>	<u>147,486</u>	<u>148,506</u>	<u>49,638</u>	<u>1,146,332</u>	<u>197,124</u>
Totals	<u>\$8,456,126</u>	<u>7,938,030</u>	<u>9,033,761</u>	<u>9,174,979</u>	<u>17,489,887</u>	<u>17,113,008</u>

The total amount of capital assets, net of depreciation, of \$17,489,887 is an increase of \$376,879 from the previous year.

Governmental activities capital assets, net of depreciation, of \$8,456,126 is an increase of \$518,096 from the previous year.

Business-type activities capital assets, net of depreciation, of \$9,033,761 is a decrease of \$141,218 from the previous year.

Additional information regarding capital assets may be found in the notes to financial statements.

Roosevelt City Corporation
Management's Discussion and Analysis
June 30, 2005

CAPITAL ASSET AND DEBT ADMINISTRATION (continued)

Roosevelt City Corporation's Outstanding Debt - Revenue Bonds

	Current <u>Year</u>	Previous <u>Year</u>
Governmental activities:		
PCIB Bldg complex 1992A	\$ 584,000	632,000
PCIB Bldg complex 1992B	225,000	250,000
PCIB Back-nine 1992	71,000	77,000
Golf Clubhouse 2001	480,000	500,000
PCIB Main street 2004	<u>180,000</u>	<u>200,000</u>
Total governmental	<u>1,540,000</u>	<u>1,659,000</u>
Business-type activities:		
Water fund:		
Water & Sewer 1994A	-	90,000
Water & Sewer 1994C	-	40,754
Water & Sewer 1994D	498,516	585,976
Water & Sewer 1994E	46,000	55,000
Water & Sewer 1994F	30,000	35,000
Water & Sewer 1999A	651,000	684,000
Water & Sewer 1999B	175,000	185,000
Water & Sewer 2000	595,000	625,000
Water & Sewer 2000A	66,000	69,000
Sewer fund:		
Sewer Southwest 2002	<u>145,990</u>	<u>148,000</u>
Total business-type	<u>2,207,506</u>	<u>2,517,730</u>
Total outstanding debt	<u>\$3,747,506</u>	<u>4,176,730</u>

Principal was paid on governmental obligations in the amount of \$119,000. Principal was paid on business-type obligations in the amount of \$310,224.

Additional information regarding the long-term liabilities may be found in the notes the financial statements.

Roosevelt City Corporation
Management's Discussion and Analysis
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ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

No significant economic changes that would affect the City are expected for the next year. Demands for City services continue at a high level. Budgets have been set on essentially the same factors as the current year being reported.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the Roosevelt City Corporation's finances for all those with an interest in the City's finances. Questions concerning any information provided in this report or requests for additional financial information should be addressed to the Office of the City Recorder, 255 South State Street, Roosevelt, Utah, 84066.

BASIC FINANCIAL STATEMENTS

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Roosevelt City Corporation
STATEMENT OF NET ASSETS
June 30, 2005

	Governmental Activities	Business-type Activities	Total
ASSETS:			
Current Assets:			
Cash and cash equivalents	\$ 1,284,298	431,475	1,715,773
Accounts receivable	786,761	238,587	1,025,348
Due from other funds	40,361	569,610	609,971
Other assets	33,908	33,444	67,352
Total current assets	<u>2,145,327</u>	<u>1,273,117</u>	<u>3,418,444</u>
Non-current assets:			
Restricted cash and cash equivalents	429,529	395,239	824,768
Capital assets, net of depreciation	8,456,126	9,033,761	17,489,887
Total non-current assets	<u>8,885,656</u>	<u>9,429,000</u>	<u>18,314,655</u>
Total assets	<u>\$11,030,983</u>	<u>10,702,116</u>	<u>21,733,099</u>
LIABILITIES:			
Current Liabilities:			
Accounts payable	\$ 210,086	-	210,086
Compensated absences	118,272	50,648	168,920
Due to other funds	40,361	569,610	609,971
Customer security deposits	-	33,485	33,485
Deferred revenues	493,088	-	493,088
Accrued interest payable	10,348	26,572	36,920
Revenue bonds due within one year	121,000	186,860	307,860
Total current liabilities	<u>993,155</u>	<u>867,175</u>	<u>1,860,330</u>
Non-current liabilities:			
Revenue bonds due after one year	1,419,000	2,020,646	3,439,646
Total non-current liabilities	<u>1,419,000</u>	<u>2,020,646</u>	<u>3,439,646</u>
Total liabilities	<u>2,412,155</u>	<u>2,887,821</u>	<u>5,299,976</u>
NET ASSETS:			
Invested in capital assets, net of related debt:	6,916,126	6,826,255	13,742,381
Restricted:			
Class C roads	156,118	-	156,118
Capital projects	144,371	-	144,371
Debt service requirements	129,040	361,754	490,794
Unrestricted	<u>1,273,172</u>	<u>626,287</u>	<u>1,899,459</u>
Total net assets	<u>8,618,828</u>	<u>7,814,295</u>	<u>16,433,123</u>
Total liabilities and net assets	<u>\$11,030,983</u>	<u>10,702,116</u>	<u>21,733,099</u>

The notes to the financial statements are an integral part of this statement.

Roosevelt City Corporation
STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2005

		Charges	Operating Grants and Contributions	Capital Grants and Contributions	Net (Expense) Revenue (To Next Page)
<u>FUNCTIONS/PROGRAMS:</u>	<u>Expenses</u>	<u>for Services</u>	<u>Contributions</u>	<u>Contributions</u>	<u>Page</u>
Primary government:					
Governmental activities:					
Administration	\$ 558,364	220,429	-	60,122	(277,813)
Police	878,779	66,220	8,874	-	(803,685)
Fire	108,885	22,944	-	7,527	(78,414)
Animal control	49,657	4,734	-	-	(44,923)
Streets and highways	431,620	-	162,638	32,500	(236,483)
Airport	93,295	46,065	-	154,931	107,701
Cemetery	86,540	24,250	-	-	(62,290)
Pool	91,111	42,762	-	-	(48,349)
Golf	418,826	267,066	-	-	(151,760)
Parks	217,779	1,434	-	13,500	(202,844)
Recreation	32,640	21,115	-	-	(11,525)
Interest on long-term debt	34,778	-	-	-	(34,778)
Total governmental activities	<u>3,002,275</u>	<u>717,021</u>	<u>171,512</u>	<u>268,579</u>	<u>(1,845,163)</u>
Business-type activities:					
Water	1,087,779	1,253,781	-	-	166,002
Sewer	286,148	468,574	-	-	182,426
Garbage	454,645	454,929	-	-	284
Total business-type activities	<u>1,828,572</u>	<u>2,177,284</u>	<u>-</u>	<u>-</u>	<u>348,712</u>
Total primary government	<u>\$4,830,847</u>	<u>2,894,304</u>	<u>171,512</u>	<u>268,579</u>	<u>(1,496,451)</u>

(Continued on next page)

The notes to the financial statements are an integral part of this statement.

Roosevelt City Corporation
STATEMENT OF ACTIVITIES (continued)
For the Year Ended June 30, 2005

	Governmental <u>Activities</u>	Business-type <u>Activities</u>	<u>Total</u>
CHANGE IN NET ASSETS:			
Net (expense) revenue (from previous page)	<u>\$(1,845,163)</u>	<u>348,712</u>	<u>(1,496,451)</u>
General revenues:			
Property taxes	601,245	-	601,245
Sales taxes	1,291,787	-	1,291,787
Franchise taxes	406,783	-	406,783
Unrestricted investment earnings	43,363	5,192	48,555
Gain on sale of fixed assets	12,000	-	12,000
Miscellaneous	<u>26,201</u>	<u>-</u>	<u>26,201</u>
Total general revenues	<u>2,381,379</u>	<u>5,192</u>	<u>2,386,571</u>
Transfers	<u>172,000</u>	<u>(172,000)</u>	<u>-</u>
Total general revenues and transfers	<u>2,553,379</u>	<u>(166,808)</u>	<u>2,386,571</u>
Change in net assets	<u>708,215</u>	<u>181,904</u>	<u>890,119</u>
Net assets - beginning	<u>7,910,612</u>	<u>7,632,391</u>	<u>15,543,003</u>
Net assets - ending	<u>\$ 8,618,827</u>	<u>7,814,295</u>	<u>16,433,122</u>

The notes to the financial statements are an integral part of this statement.

Roosevelt City Corporation
BALANCE SHEET - GOVERNMENTAL FUNDS
June 30, 2005

	<u>Major Funds</u>		<u>Other</u>	<u>Total</u>
	<u>General</u>	<u>Capital</u>	<u>Governmental</u>	<u>Governmental</u>
	<u>Fund</u>	<u>Projects</u>	<u>Funds</u>	<u>Funds</u>
ASSETS:				
Cash and cash equivalents	\$1,108,829	-	172,126	1,280,955
Receivables	766,761	-	20,000	786,761
Due from other funds	40,361	-	-	40,361
Other assets	32,740	-	-	32,740
Restricted cash and cash equivalents	<u>156,118</u>	<u>144,371</u>	<u>129,040</u>	<u>429,529</u>
TOTAL ASSETS	<u>2,104,808</u>	<u>144,371</u>	<u>321,166</u>	<u>2,570,345</u>
LIABILITIES:				
Accounts payable	210,086	-	-	210,086
Compensated absences	113,579	-	-	113,579
Due to other funds	-	-	40,361	40,361
Deferred revenues	<u>507,598</u>	<u>-</u>	<u>20,000</u>	<u>527,598</u>
TOTAL LIABILITIES	<u>831,263</u>	<u>-</u>	<u>60,361</u>	<u>891,623</u>
FUND BALANCES:				
Reserved for:				
B&C roads	156,118	-	-	156,118
Capital projects	-	144,371	-	144,371
Debt service	-	-	129,040	129,040
Unreserved, reported in:				
General fund	1,117,428	-	-	1,117,428
Debt service	-	-	163,855	163,855
Other special revenue	-	-	8,271	8,271
Redevelopment agency	<u>-</u>	<u>-</u>	<u>(40,361)</u>	<u>(40,361)</u>
TOTAL FUND BALANCES	<u>1,273,546</u>	<u>144,371</u>	<u>260,805</u>	<u>1,678,722</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$2,104,808</u>	<u>144,371</u>	<u>321,166</u>	<u>2,570,345</u>

The notes to the financial statements are an integral part of this statement.

Roosevelt City Corporation
**STATEMENT OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS**
 For the Year Ended June 30, 2005

	<u>Major Funds</u>		<u>Other</u>	<u>Total</u>
	<u>General</u>	<u>Capital</u>	<u>Governmental</u>	<u>Governmental</u>
	<u>Fund</u>	<u>Projects</u>	<u>Funds</u>	<u>Funds</u>
REVENUES:				
Taxes:				
Property	\$ 581,245	-	20,000	601,245
Sales	1,291,787	-	-	1,291,787
Franchise	406,783	-	-	406,783
Licenses and permits	124,100	-	-	124,100
Intergovernmental revenues	171,512	268,579	-	440,091
Charges for services	493,081	-	-	493,081
Fines and forfeitures	56,579	-	-	56,579
Interest	30,372	9,973	3,018	43,363
Miscellaneous revenue	<u>31,881</u>	<u>-</u>	<u>59,474</u>	<u>91,355</u>
Total revenues	<u>3,187,340</u>	<u>278,552</u>	<u>82,492</u>	<u>3,548,384</u>
EXPENDITURES:				
General government	514,441	-	10,379	524,820
Public safety	980,129	-	-	980,129
Highways and public improvements	323,056	-	-	323,056
Parks, recreation and public property	732,137	-	-	732,137
Capital outlay	24,725	775,249	75,091	875,065
Debt service:				
Principal	40,000	-	79,000	119,000
Interest	<u>-</u>	<u>-</u>	<u>24,430</u>	<u>24,430</u>
Total expenditures	<u>2,614,489</u>	<u>775,249</u>	<u>188,900</u>	<u>3,578,638</u>
Excess (Deficiency) of Revenues over (Under) Expenditures	<u>572,851</u>	<u>(496,697)</u>	<u>(106,408)</u>	<u>(30,254)</u>
Other Financing Sources and (Uses):				
Transfers in	108,800	40,392	76,559	225,751
Transfers (out)	<u>(46,951)</u>	<u>(6,800)</u>	<u>-</u>	<u>(53,751)</u>
Total other financing sources and (uses)	<u>61,849</u>	<u>33,592</u>	<u>76,559</u>	<u>172,000</u>
Net Change in Fund Balances	634,700	(463,105)	(29,849)	141,746
Fund balances - beginning of year	<u>638,846</u>	<u>607,476</u>	<u>290,654</u>	<u>1,536,976</u>
Fund Balances - end of year	<u>\$1,273,546</u>	<u>144,371</u>	<u>260,805</u>	<u>1,678,722</u>

The notes to the financial statements are an integral part of this statement.

Roosevelt City Corporation
**RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET ASSETS**
June 30, 2005

Total Fund Balances for Governmental Funds **\$ 1,678,722**

Total net assets reported for governmental activities in the statement
are different because:

Capital assets used in governmental funds are not financial resources and
therefore are not reported in the funds.

Capital assets, at cost	15,779,848
Less accumulated depreciation	<u>(7,323,722)</u>
Net capital assets	8,456,126

Long-term debt, for funds other than enterprise funds, are recorded in
the government-wide statements but not in the fund statements.

General long-term debt	(1,540,000)
Interest accrued but not yet paid on general long-term debt	(10,348)

Certain revenue is deferred in governmental funds but not in the
statement of net assets because it qualifies for recognition under the
economic resources measurement focus.

Special assessments deferred in the funds but not in government-wide	34,510
--	---------------

Internal service funds are used by management to charge the cost of
certain activities. The current assets and liabilities of internal service funds
are included in governmental activities in the statement of net assets.

Internal service fund net current assets and liabilities	<u>(182)</u>
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Total Net Assets of Governmental Activities **\$ 8,618,828**

The notes to the financial statements are an integral part of this statement.

Roosevelt City Corporation
**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES**
June 30, 2005

Net Change in Fund Balances - Total Governmental Funds **\$ 141,746**

Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities, assets with a material cost are capitalized and the cost is allocated over their estimated useful lives and reported as depreciation expenses.

Capital outlays	875,065
Depreciation expense	<u>(341,444)</u>
Net	533,621

Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets.

Long-term debt principal repayments	119,000
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Accrued interest for long-term debt is not reported as an expenditure for the current period while it is recorded in the statement of activities.

Accrued interest on long-term debt at end of period	(10,348)
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Governmental funds do not report deferred special assessments as revenue because these revenues are not available for current period expenses

Change in special assessments receivable deferred on funds statement	(12,588)
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Internal service funds are used by management to charge the costs of certain activities to individual funds. The net revenue of these activities of internal service funds is reported with governmental funds.

Net revenue (expense) of certain activities of internal service funds	<u>(63,215)</u>
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Change in Net Assets of Governmental Activities **\$ 708,216**

The notes to the financial statements are an integral part of this statement.

Roosevelt City Corporation
STATEMENT OF NET ASSETS - PROPRIETARY FUND
June 30, 2005

	Water Fund	Sewer Fund	Garbage Fund	Total	Internal Service Fund
ASSETS:					
Current assets:					
Cash and cash equivalents	\$ -	431,191	284	431,475	3,343
Accounts receivable	237,585	1,002	-	238,587	-
Due from other funds	-	569,610	-	569,610	-
Other current assets	28,799	4,645	-	33,444	1,168
Total current assets	<u>266,384</u>	<u>1,006,449</u>	<u>284</u>	<u>1,273,117</u>	<u>4,511</u>
Non-current assets:					
Restricted cash and cash equivalents	386,914	8,325	-	395,239	-
Capital assets, net of depreciation	<u>6,855,862</u>	<u>2,177,899</u>	<u>-</u>	<u>9,033,761</u>	<u>921,287</u>
Total non-current assets	<u>7,242,776</u>	<u>2,186,224</u>	<u>-</u>	<u>9,429,000</u>	<u>921,287</u>
Total assets	<u>\$7,509,159</u>	<u>3,192,673</u>	<u>284</u>	<u>10,702,116</u>	<u>925,798</u>
LIABILITIES:					
Current liabilities:					
Accounts payable	\$ -	-	-	-	-
Due to other funds	569,610	-	-	569,610	-
Compensated absences	47,205	3,442	-	50,648	4,693
Customer security deposits	33,485	-	-	33,485	-
Accrued interest payable	23,682	2,890	-	26,572	-
Revenue bonds, current	<u>185,395</u>	<u>1,465</u>	<u>-</u>	<u>186,860</u>	<u>-</u>
Total current liabilities	<u>859,378</u>	<u>7,797</u>	<u>-</u>	<u>867,175</u>	<u>4,693</u>
Non-current liabilities:					
Revenue bonds, long-term	<u>1,876,121</u>	<u>144,525</u>	<u>-</u>	<u>2,020,646</u>	<u>-</u>
Total non-current liabilities	<u>1,876,121</u>	<u>144,525</u>	<u>-</u>	<u>2,020,646</u>	<u>-</u>
Total liabilities	<u>2,735,499</u>	<u>152,322</u>	<u>-</u>	<u>2,887,821</u>	<u>4,693</u>
NET ASSETS:					
Invested in capital assets, net of related debt	4,794,346	2,031,909	-	6,826,255	921,287
Restricted for:					
Debt service	353,429	8,325	-	361,754	-
Unrestricted	<u>(374,114)</u>	<u>1,000,117</u>	<u>284</u>	<u>626,287</u>	<u>(182)</u>
Total net assets	<u>4,773,661</u>	<u>3,040,350</u>	<u>284</u>	<u>7,814,295</u>	<u>921,105</u>
Total liabilities and net assets	<u>\$7,509,159</u>	<u>3,192,673</u>	<u>284</u>	<u>10,702,116</u>	<u>925,798</u>

The notes to the financial statements are an integral part of this statement.

Roosevelt City Corporation
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS
PROPRIETARY FUND
June 30, 2005

	Water Fund	Sewer Fund	Garbage Fund	Total	Internal Service Fund
Operating income:					
Charges for services	\$1,223,342	461,367	454,929	2,139,638	296,760
Other operating income	<u>30,440</u>	<u>7,206</u>	<u>-</u>	<u>37,646</u>	<u>1,050</u>
Total operating income	<u>1,253,781</u>	<u>468,574</u>	<u>454,929</u>	<u>2,177,284</u>	<u>297,810</u>
Operating expenses:					
Personal services	421,520	95,353	-	516,874	60,718
Contractual services	-	-	431,407	431,407	-
Utilities	74,566	5,791	-	80,358	4,304
Repairs and maintenance	190,944	41,864	-	232,808	121,574
Other supplies and expenses	83,492	28,574	23,238	135,304	86,065
Depreciation expense	<u>259,664</u>	<u>105,234</u>	<u>-</u>	<u>364,898</u>	<u>88,362</u>
Total operating expense	<u>1,030,187</u>	<u>276,817</u>	<u>454,645</u>	<u>1,761,649</u>	<u>361,025</u>
Net operating income (loss)	<u>223,594</u>	<u>191,757</u>	<u>284</u>	<u>415,635</u>	<u>(63,215)</u>
Non-operating income (expense):					
Interest expense	(57,592)	(9,331)	-	(66,923)	-
Interest income	<u>5,192</u>	<u>-</u>	<u>-</u>	<u>5,192</u>	<u>-</u>
Total non-operating income (expense)	<u>(52,400)</u>	<u>(9,331)</u>	<u>-</u>	<u>(61,731)</u>	<u>-</u>
Income (loss) before contributions and transfers	171,194	182,426	284	353,904	(63,215)
Transfers in	44,400	-	-	44,400	-
Transfers out	<u>(87,000)</u>	<u>(129,400)</u>	<u>-</u>	<u>(216,400)</u>	<u>-</u>
Net transfers	<u>(42,600)</u>	<u>(129,400)</u>	<u>-</u>	<u>(172,000)</u>	<u>-</u>
Change in net assets	128,594	53,026	284	181,904	(63,215)
Net assets, beginning	<u>4,645,067</u>	<u>2,987,324</u>	<u>-</u>	<u>7,632,391</u>	<u>984,320</u>
Net assets, ending	<u>\$4,773,661</u>	<u>3,040,350</u>	<u>284</u>	<u>7,814,295</u>	<u>921,105</u>

The notes to the financial statements are an integral part of this statement.

Roosevelt City Corporation
STATEMENT OF CASH FLOWS
For the year ending June 30, 2005

	<u>Water Fund</u>	<u>Sewer Fund</u>	<u>Garbage Fund</u>	<u>Total</u>	<u>Internal Service Fund</u>
Cash flows from operating activities:					
Cash received from customers - service	\$1,222,939	468,571	454,929	2,146,439	297,810
Cash received from interfund services	39,000	-	-	39,000	-
Cash paid to suppliers	(303,393)	(46,229)	(454,645)	(804,267)	(211,587)
Cash paid for interfund services	(45,000)	(30,000)	-	(75,000)	-
Cash paid to employees	(420,353)	(94,765)	-	(515,118)	(61,434)
Net cash provided (used) in operating activities	<u>493,194</u>	<u>297,576</u>	<u>284</u>	<u>791,054</u>	<u>24,789</u>
Cash flows from noncapital financing activities:					
Change in customer deposits	6,826	-	-	6,826	-
Net interfund activity	<u>527,010</u>	(699,010)	-	(172,000)	-
Net cash provided (used) in noncapital financing activities	<u>533,836</u>	<u>(699,010)</u>	<u>-</u>	<u>(165,175)</u>	<u>-</u>
Cash flows from capital and related financing activities:					
Cash payments for capital assets	(203,580)	(20,101)	-	(223,680)	(72,838)
Cash payments for long-term debt	(308,214)	(2,010)	-	(310,224)	-
Cash payments for long-term debt interest	(61,335)	(6,441)	-	(67,776)	-
Net cash provided (used) in capital and related financing activities	<u>(573,129)</u>	<u>(28,552)</u>	<u>-</u>	<u>(601,680)</u>	<u>(72,838)</u>
Cash flows from investing activities:					
Cash received from interest earned	<u>5,192</u>	-	-	<u>5,192</u>	-
Net cash provided (used) in investing activities	<u>5,192</u>	<u>-</u>	<u>-</u>	<u>5,192</u>	<u>-</u>
Net increase (decrease) in cash	459,093	(429,986)	284	29,391	(48,049)
Cash balance, beginning	(72,180)	869,503	-	797,323	51,392
Cash balance, ending	\$ <u>386,914</u>	<u>439,516</u>	<u>284</u>	<u>826,714</u>	<u>3,343</u>
Cash reported on the balance sheet:					
Cash and cash equivalents	\$ -	431,191	284	431,475	3,343
Non-current restricted cash	<u>386,914</u>	<u>8,325</u>	-	<u>395,239</u>	-
Total cash and cash equivalents	\$ <u>386,914</u>	<u>439,516</u>	<u>284</u>	<u>826,714</u>	<u>3,343</u>

Continued on next page

The notes to the financial statements are an integral part of this statement.

Roosevelt City Corporation
STATEMENT OF CASH FLOWS, continued
For the year ended June 30, 2005

**Reconciliation of Operating Income
to Net Cash Provided from Operating Activity:**

	<u>Water Fund</u>	<u>Sewer Fund</u>	<u>Garbage Fund</u>	<u>Total</u>	<u>Internal Service Fund</u>
Net operating income (expense)	\$223,594	191,757	284	415,635	(63,215)
Adjustments to reconcile operating income or (loss) to net cash provided (used) in operating activities:					
Depreciation and amortization	259,664	105,234	-	364,898	88,362
Changes in assets and liabilities:					
(Increase) decrease in receivables	8,158	(3)	-	8,155	-
(Increase) decrease in inventory	-	-	-	-	357
(Increase) decrease in prepayments	610	-	-	610	-
Increase (decrease) in payables	<u>1,168</u>	<u>588</u>	<u>-</u>	<u>1,756</u>	<u>(715)</u>
Net cash provided in operating activity	<u>\$493,194</u>	<u>297,576</u>	<u>284</u>	<u>791,054</u>	<u>24,789</u>

The notes to the financial statements are an integral part of this statement.

Roosevelt City Corporation
NOTES TO FINANCIAL STATEMENTS
June 30, 2005

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1-A. Reporting entity

Roosevelt City Corporation, (the City), a municipal corporation located in Roosevelt, Utah, operates under a Mayor-Council form of government. The accompanying financial statements present the City and its component units, entities for which the City is considered to be financially accountable.

Redevelopment Agency - The City's Redevelopment Agency uses tax financing to support redevelopment projects within the City. The Agency's governing body is the same as the City's, therefore the financial data for the Agency is included in the reporting entity using the blended method.

1-B. Government-wide and fund financial statements

Government-wide Financial Statements

The government-wide financial statements, consisting of the statement of net assets and the statement of changes in net assets report information on all of the non-fiduciary activities of the primary government and its component units. For the most part, the effect of inter-fund activity has been removed from these statements. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support.

The statement of activities reports the expenses of a given function offset by program revenues directly connected with the functional program. A function is an assembly of similar activities and may include portions of a fund or summarize more than one fund to capture the expenses and program revenues associated with a distinct functional activity. *Direct expenses* are those that are clearly identifiable with a specific function or segment. Indirect expenses are not allocated. All expenses are included in the applicable function. *Program revenues* include (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privilege provided by a given function or segment and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

Fund Financial Statements

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, if any, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statement.

Roosevelt City Corporation
NOTES TO FINANCIAL STATEMENTS
June 30, 2005

1-C. Measurement focus, basis of accounting and financial statement presentation

The financial statements of the City are prepared in accordance with generally accepted accounting principles (GAAP). The City's reporting entity applies all relevant Governmental Accounting Standards Board (GASB) pronouncements and applicable Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, unless they conflict with GASB pronouncements. The City's reporting entity does not apply FASB pronouncements or APB opinions issued after November 30, 1989.

The government-wide statements are reported using the economic resources measurement focus and the accrual basis of accounting, generally including the reclassification of internal activity (between or within funds). However, internal eliminations do not include utility services provided to City departments or payments to the general fund by other funds for providing administrative and billing services for such funds. Reimbursements are reported as reductions to expenses. Proprietary and any fiduciary fund financial statements are also reported using this same focus and basis of accounting although internal activity is not eliminated in these statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property tax revenues are recognized in the year for which they are levied while grants are recognized when the grantor eligibility requirements are met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. The City considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, sales taxes, intergovernmental revenues, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Only the portion of special assessments, if any, receivable within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the government.

Proprietary funds distinguish *operating* revenues and expenses from *non-operating* items. Operating income and expense reported in proprietary fund financial statements include those revenues and expenses related to the primary, continuing operations of the fund. Principal operating revenues for proprietary funds are charges to customers for sales or services. Principal operating expenses are the costs of providing goods or services, including administrative expenses and depreciation of capital assets. Other revenues and expenses are classified as non-operating in the financial statements.

Roosevelt City Corporation
NOTES TO FINANCIAL STATEMENTS
June 30, 2005

**1-C. Measurement focus, basis of accounting, and financial statement presentation
(continued)**

Policy regarding use of restricted resources

When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first, then unrestricted resources as needed. Restricted assets and liabilities payable from restricted assets current in nature are reported with current assets and current liabilities. *Restricted assets, non-current* reports assets restricted for acquisition or construction of non-current assets, or are restricted for liquidation of long-term debt.

1-D. Fund types and major funds

Governmental funds

The City reports the following major governmental funds:

The *general fund* is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund. Programs included in the General Government function of the general fund are council, court, administrative, government buildings, and planning and zoning. In the Public Safety function are police, fire, and animal control programs. In the Highways and Public Improvements function are streets, sanitation, and airport programs. In the Parks, Recreation, and Public Property function are cemetery, parks, swimming pool, golf course, and recreation. Capital outlays and debt service are budgeted within departments (programs), but are reported as separate functions.

The *capital projects fund* accounts for capital projects and overhead that can be submitted to grantors for reimbursement.

The City reports the following as non-major governmental funds:

The *debt service fund* accounts for the payment of general long-term debt of the government. The *redevelopment agency fund* accounts for revenues and expenditures of the redevelopment agency.

Proprietary funds

The City reports the following major proprietary funds:

The *water fund* is used to account for the activities of the culinary water distribution.

The *sewer fund* is used to account for the operations of the sewer system.

The *garbage fund* is used to account for the operations of the garbage system.

The *internal service fund* is used to account for the financing of vehicles, and equipment and maintenance services provided to other departments of the city. Internal service fund activity is eliminated in the government-wide financial statement of activity by allocating the change in net assets to the governmental functions using the services of the fund.

1-E. Assets, Liabilities, and Net Assets or Equity

1-E-1. Deposit and Investments

Investments are reported at fair value. Deposits are reported at cost, which approximates fair value. Investments of the City are accounts at the Utah Public Treasurers Investments Fund. Additional information is contained in Note 2.

Roosevelt City Corporation
NOTES TO FINANCIAL STATEMENTS
June 30, 2005

1-E. Assets, Liabilities, and Net Assets or Equity (continued)

1-E-2. Cash and Cash Equivalents

The City's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

1-E-3. Receivables and Payables

Accounts receivable other than property taxes and intergovernmental receivables are from customers primarily for utility services. Property tax and intergovernmental receivables are considered collectible. Customer accounts are reported net of an allowance for uncollectible accounts. The allowance amount is estimated using accounts receivable past due more than 90 days.

During the course of operations, there may be transactions occur between funds that are representative of lending/borrowing arrangements outstanding at year-end. These are reported as either *due to or due from other funds*.

Property taxes are assessed and collected for the City by Duchesne County and remitted to the City shortly after collection. Property taxes become a lien on January 1 and are levied on the first Monday in August. Taxes are due and payable on November 1, and are delinquent after November 30. All dates are in the year of levy.

1-E-4. Restricted Assets

In accordance with certain revenue bond covenants, resources may be required to be set aside for the repayment of such bonds, and, on occasion, for the repair and maintenance of the assets acquired with the bond proceeds. These resources are classified as restricted assets on the balance sheet because of their limited use. Most capital grant agreements mandate that grant proceeds be spent only on capital assets. Unspent resources of this nature are also classified as restricted. The limited use resources described above involve a reported restriction of both cash and net assets.

Unspent proceeds of bonds issued to finance capital assets are also reported as restricted cash

1-E-5. Inventories and Prepaid items

Inventories in governmental funds are not reported. These consist of immaterial amounts of expendable supplies for consumption. Such supplies are acquired as needed. Proprietary fund inventories, where material, are stated at the lower of cost or market, using the first-in, first-out basis.

Prepaid items record payments to vendors that benefit future reporting and are reported on the consumption basis. Both inventories and prepayments are similarly reported in government-wide and fund financial statements.

Roosevelt City Corporation
NOTES TO FINANCIAL STATEMENTS
June 30, 2005

1-E. Assets, Liabilities, and Net Assets or Equity (continued)

1-E-6. Capital Assets

Capital assets includes property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), and are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual significant cost and an estimated useful life in excess of two years. Such assets are recorded at historical cost or at estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. Infrastructure is depreciated.

The cost of normal maintenance and repairs that does not add to the value of an asset or materially extend the assets' life is not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed.

Upon retirement or disposition of capital assets, the cost and related accumulated depreciation are removed from the respective accounts. Depreciation of capital assets is computed using the straight-line method over their estimated useful lives.

Property, plant, and equipment of the primary government, as well as the component units if any, is depreciated using the straight line method over the following estimated useful lives:

Assets	Years
Buildings	15-30
Improvements	20-40
Water system	35-45
Sewer system	35-45
Infrastructure	25
Vehicles and equipment	5-10

1-E-7. Long-term Obligations

In the government-wide and proprietary fund financial statements, long-term debt and obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund statement of net assets. Bond issuance costs, bond discounts or premiums, and the difference between the reacquisition price and the net carrying value of refunded debt are deferred and amortized over the terms of the respective bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Significant or material bond issuance costs are reported as deferred charges.

The governmental fund financial statements recognize the proceeds of debt and premiums as other financing sources of the current period. Issuance costs are reported as expenditures.

Roosevelt City Corporation
NOTES TO FINANCIAL STATEMENTS
June 30, 2005

1-E. Assets, Liabilities, and Net Assets or Equity (continued)

1-E-8. Fund Equity

The governmental fund financial statements report reserved fund balance for amounts not available for appropriation of legally restricted for specified purposes. The General Fund reserve for restricted purposes includes fund balance/net assets resulting from Class C road allotments restricted for eligible road maintenance. Designations of fund balance represent tentative management plans that are subject to change.

NOTE 2 - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

2-A. Budgetary data

Annual budgets are prepared and adopted by ordinance by total for each department, in accordance with State law, by the Mayor and City Council on or before June 22 for the following fiscal year beginning July 1. Estimated revenues and appropriations may be increased or decreased by resolution of the city Council at any time during the year. A public hearing must be held prior to any proposed increase in a fund's appropriations. Budgets include activities in the General Fund. The level of the City's budgetary control (the level at which the City's expenditures cannot legally exceed appropriations) is established at the department level. Each department head is responsible for operating within the budget for their department. All annual budgets lapse at fiscal year end.

Utah State law prohibits the appropriation of unreserved General Fund balance to an amount less than 5% of the General Fund revenues. The 5% reserve that cannot be budgeted is used to provide working capital until tax revenue is received, to meet emergency expenditures, and to cover unanticipated deficits. Any unreserved General Fund balance greater than 18% of the next year's budgeted revenues must be appropriated within the following two years.

Once adopted, the budget may be amended by the City Council without hearing provided the budgeted expenditures do not exceed budgeted revenues and appropriated fund balance. A public hearing must be held if the budgeted expenditures will exceed budgeted revenues and any fund balance which is available for budgeting. With the consent of the Mayor, department heads may reallocate unexpended appropriated balances from one expenditure account to another within that department during the budget year. Budgets for the General Fund are prepared on the modified accrual basis of accounting. Encumbrances are not used.

2-B. Deficit in fund net assets

The Redevelopment fund had a deficit at year-end of \$40,361, compared to last year's balance of \$10,152.

At June 30, 2005, the water fund has positive net assets of \$4,773,661, however, it has a deficit balance of \$374,114 in its unrestricted net assets

Roosevelt City Corporation
NOTES TO FINANCIAL STATEMENTS
June 30, 2005

NOTE 3 - DETAILED NOTES

3-A. Deposits and investments

Cash and investments as of June 30, 2005 consist of the following:

	<u>Fair Value</u>
Cash on hand	\$ 914
Demand deposits - checking	122,097
Bond reserve bank trust accounts	466,221
Investments - PTIF	<u>1,951,309</u>
Total cash and investments	<u>\$2,540,541</u>

Cash and investments listed above are classified in the accompanying government-wide statement of net assets as follows:

Cash and cash equivalents (current)	\$1,695,356
Restricted cash and cash equivalents (non-current)	<u>845,185</u>
Total cash and cash equivalents	<u>\$2,540,541</u>

Cash equivalents and investments are carried at fair value in accordance with GASB Statement No. 31.

The Utah Money Management Act (UMMA) establishes specific requirements regarding deposits of public funds by public treasurers. UMMA requires that city funds be deposited with a qualified depository which includes any depository institution which has been certified by the Utah State Commissioner of Financial Institutions as having met the requirements specified in UMMA Section 51, Chapter 7. UMMA provides the formula for determining the amount of public funds which a qualified depository may hold in order to minimize risk of loss and also defines capital requirements which an Institution must maintain to be eligible to accept public funds. UMMA lists the criteria for investments and specifies the assets which are eligible to be invested in, and for some investments, the amount of time to maturity.

UMMA enables the State Treasurer to operate the Public Treasurer's Investment Pool (PTIF). PTIF is managed by the Utah State Treasurer's investment staff and comes under the regulatory authority of the Utah Money Management Council. This council is comprised of a select group of financial professionals from units of local and state government and financial institutions doing business in the state. PTIF operations and portfolio composition is monitored at least semi-annually by the Utah Money Management Council. PTIF is unrated by any nationally recognized statistical rating organizations. Deposits in PTIF are not insured or otherwise guaranteed by the State of Utah. Participants share proportionally in any realized gains or losses on investments which are recorded on an amortized cost basis. The balance available for withdrawal is based on the accounting records maintained by PTIF. The fair value of the investment pool is approximately equal to the value of the pool shares. The City maintains in PTIF accounts the monies not required to be in bond reserve trust accounts and not immediately needed for expenditure.

Roosevelt City Corporation
NOTES TO FINANCIAL STATEMENTS
June 30, 2005

3-A. Deposits and investments (continued)

Deposit and Investment Risk

The City maintains no investment policy containing any specific provisions intended to limit the City's exposure to interest rate risk, credit risk, and concentration of credit risk other than that imposed by UMMA. The City's compliance with the provisions of UMMA addresses each of these risks.

Interest rate risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. All deposits and investments of the City are available immediately.

Credit risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligations. Custodial credit risk for *deposits* is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits. At June 30, 2005, \$200,000 of the City's demand and savings deposits is covered by FDIC insurance; \$442,492 is uninsured and uncollateralized; \$1,951,309 is deposited in PTIF accounts.

Custodial credit risk for *investments* is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. This risk is addressed through the policy of investing excess monies only in PTIF.

Concentration of credit risk

Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. PTIF falls under the constraints of UMMA in limiting concentrations of investments.

3-B. Receivables

The allowance policy is described in Note 1-E-3. Accounts not expected to be collected within one year are captioned as non-current receivables. Receivables as of year end for the City's funds are shown below:

	General <u>Fund</u>	Other Government <u>Funds</u>	Proprietary <u>Funds</u>	<u>Total</u>
Property taxes	\$ 468,600	20,000	-	488,600
Intergovernmental	263,421	-	-	263,421
Customers, current	6,050	-	238,587	244,637
Special assessments, non-current	<u>28,690</u>	<u>-</u>	<u>-</u>	<u>28,690</u>
Total receivables	<u>\$ 766,761</u>	<u>20,000</u>	<u>238,587</u>	<u>1,025,348</u>

Roosevelt City Corporation
NOTES TO FINANCIAL STATEMENTS
June 30, 2005

3-C. Capital Assets

Capital asset activity for the governmental activities was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Retirements</u>	<u>Ending Balance</u>
Governmental activities:				
Capital assets, not being depreciated:				
Land and rights	\$ 476,389	-	-	476,389
Construction in progress	<u>147,486</u>	<u>850,340</u>	-	<u>997,826</u>
Total capital assets, not being depreciated	<u>623,875</u>	<u>850,340</u>	-	<u>1,474,216</u>
Capital assets, being depreciated:				
Buildings	3,574,353	-	-	3,574,353
Improvements other than buildings	3,233,539	-	-	3,233,539
Machinery and equipment	1,810,926	97,563	-	1,908,490
Infrastructure	<u>5,589,250</u>	-	-	<u>5,589,250</u>
Total capital assets, being depreciated	<u>14,208,069</u>	<u>97,563</u>	-	<u>14,305,633</u>
Less accumulated depreciation for:				
Buildings	1,005,485	88,359	-	1,093,844
Improvements other than buildings	1,350,411	92,058	-	1,442,469
Machinery and equipment	865,086	89,700	-	954,785
Infrastructure	<u>3,672,933</u>	<u>159,690</u>	-	<u>3,832,624</u>
Total accumulated depreciation	<u>6,893,915</u>	<u>429,807</u>	-	<u>7,323,722</u>
Total capital assets being depreciated, net	<u>7,314,154</u>	<u>(332,243)</u>	-	<u>6,981,911</u>
Governmental activities capital assets, net	<u>\$ 7,938,030</u>	<u>518,097</u>	-	<u>8,456,126</u>

Depreciation expense was charged to functions/programs of the primary government governmental activities as follows:

Governmental Activities:	
General government	\$ 26,711
Public safety	28,458
Highways and public improvements	164,276
Parks, recreation and public property	122,000
Capital assets held by the internal service fund are charged to the various functions based on their usage of the assets	<u>88,362</u>
Total	<u>\$429,807</u>

Roosevelt City Corporation
NOTES TO FINANCIAL STATEMENTS
June 30, 2005

3-C. Capital assets (continued)

Capital asset activity for business-type activities was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Retirements</u>	<u>Ending Balance</u>
Business-type activities:				
Capital assets, not being depreciated:				
Land and water shares	\$ 1,391,007	18,800	-	1,409,807
Construction in progress	<u>49,638</u>	<u>98,868</u>	<u>-</u>	<u>148,506</u>
Total capital assets, not being depreciated	<u>1,440,644</u>	<u>117,668</u>	<u>-</u>	<u>1,558,312</u>
Capital assets, being depreciated:				
Water system	10,241,489	85,912	-	10,327,401
Sewer system	4,444,136	20,101	-	4,464,237
Garbage	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total capital assets being depreciated	<u>14,685,625</u>	<u>106,012</u>	<u>-</u>	<u>14,791,638</u>
Less accumulated depreciation for:				
Water system	4,580,864	259,664	-	4,840,529
Sewer system	2,370,426	105,234	-	2,475,660
Garbage	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total accumulated depreciation	<u>6,951,290</u>	<u>364,898</u>	<u>-</u>	<u>7,316,189</u>
Total capital assets being depreciated, net	<u>7,734,335</u>	<u>(258,886)</u>	<u>-</u>	<u>7,475,449</u>
Business-type activities capital assets, net	<u>\$ 9,174,979</u>	<u>(141,218)</u>	<u>-</u>	<u>9,033,761</u>

Depreciation expense was charged to functions/programs of the primary government business-type activities as follows:

Business-Type Activities:	
Water	\$259,664
Sewer	105,234
Garbage	<u>-</u>
Total	<u>\$364,898</u>

Roosevelt City Corporation
NOTES TO FINANCIAL STATEMENTS
June 30, 2005

3-D. Long-term debt

Long-term debt activity for the year was as follows:

	<u>Original Principal</u>	<u>% Rate</u>	<u>06/30/2004</u>	<u>Additions</u>	<u>Reductions</u>	<u>06/30/2005</u>	<u>Due Within One Year</u>
<u>Governmental activities:</u>							
Revenue bonds:							
City Complex 1992A	\$1,000,000	3.50	\$ 632,000	-	48,000	584,000	50,000
City Complex 1992B	500,000	-	250,000	-	25,000	225,000	25,000
Back-Nine 1992	125,000	3.00	77,000	-	6,000	71,000	6,000
Golf Clubhouse 2001	500,000	-	500,000	-	20,000	480,000	20,000
Main Street 2004	200,000	-	<u>200,000</u>	<u>-</u>	<u>20,000</u>	<u>180,000</u>	<u>20,000</u>
Total governmental activity long-term liabilities			<u>\$1,659,000</u>	<u>-</u>	<u>119,000</u>	<u>1,540,000</u>	<u>121,000</u>

All bonds are revenue bonds. The City Complex and Golf related bonds are secured by the revenues of the assets constructed by the bond proceeds; rentals of the city complex, golf activity revenues for the golf clubhouse and back-nine and are being repaid from the debt service fund. The Main Street bonds are secured by Class C Road monies. The Golf Clubhouse 2001 bond and the Main Street 2001 bond are being repaid from the general fund.

Revenue bond debt service requirements to maturity for governmental activities are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2006	\$ 121,000	22,570	143,570
2007	123,000	20,640	143,640
2008	126,000	18,640	144,640
2009	128,000	16,540	144,540
2010	129,000	14,370	143,370
2011-2015	633,000	37,390	670,390
2016-2020	100,000	0	100,000
2021-2025	100,000	0	100,000
2026-2030	<u>80,000</u>	<u>0</u>	<u>80,000</u>
	<u>\$1,540,000</u>	<u>130,150</u>	<u>1,670,150</u>

Roosevelt City Corporation
NOTES TO FINANCIAL STATEMENTS
June 30, 2005

3-D. Long-term debt (continued)

	Original Principal	% Rate	06/30/2004	Additions	Reductions	06/30/2005	Due Within One Year
<u>Business-type activities:</u>							
Water fund:							
Water & Sewer 1994A	\$1,440,000	5.00	\$ 90,000	-	90,000	-	-
Water & Sewer 1994C	359,605	5.00	40,754	-	40,754	-	-
Water & Sewer 1994D	1,278,020	2.50	585,976	-	87,460	498,516	91,395
Water & Sewer 1994E	143,000	-	55,000	-	9,000	46,000	9,000
Water & Sewer 1994F	85,000	-	35,000	-	5,000	30,000	6,000
Water & Sewer 1999A	700,000	2.50	684,000	-	33,000	651,000	34,000
Water & Sewer 1999B	225,000	1.28	185,000	-	10,000	175,000	11,000
Water & Sewer 2000	711,000	2.50	625,000	-	30,000	595,000	31,000
Water & Sewer 2000A	75,000	2.29	69,000	-	3,000	66,000	3,000
Sewer fund:							
Sewer Southwest 2002	150,440	4.75	<u>148,000</u>	<u>-</u>	<u>2,010</u>	<u>145,990</u>	<u>1,465</u>
Total business-type activity long-term liabilities			<u>\$2,517,730</u>	<u>-</u>	<u>310,224</u>	<u>2,207,506</u>	<u>186,860</u>

All bonds are revenue bonds secured by the revenues of the respective water or sewer systems.

Revenue bond debt service requirements to maturity for business-type activities are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2006	\$ 186,860	54,299	241,159
2007	192,043	50,110	242,153
2008	197,414	45,789	243,203
2009	203,981	41,334	245,315
2010	211,274	36,712	247,986
2011-2015	472,161	137,618	609,779
2016-2020	525,815	78,697	604,512
2021-2025	119,161	28,510	147,671
2026-2030	20,382	21,618	42,000
2031-2035	25,705	16,295	42,000
2036-2040	32,418	9,582	42,000
2041-2045	<u>20,292</u>	<u>1,816</u>	<u>22,108</u>
	<u>\$2,207,506</u>	<u>522,381</u>	<u>2,729,887</u>

Roosevelt City Corporation
NOTES TO FINANCIAL STATEMENTS
June 30, 2005

3-E. Restricted assets

Certain amounts have been restricted as to usage, generally for debt service, and construction and acquisition of capital assets. Reservations of net assets have been made in similar amounts unless the amount represents a liability of the City. A list of restricted assets follows:

	<u>Governmental</u>	<u>Business-type</u>	<u>Total</u>
Customer security deposits	\$ -	33,485	33,485
Class C Roads	156,118	-	156,118
Capital projects	144,371	-	144,371
Debt service	<u>129,040</u>	<u>361,754</u>	<u>490,794</u>
Total restricted assets	<u>\$429,529</u>	<u>395,239</u>	<u>824,768</u>

3-F. Interfund receivables, payables, and transfers

Due to/from other funds:

	<u>Receivable Funds:</u>		
	<u>General</u>	<u>Sewer</u>	<u>Total</u>
<u>Payable Funds:</u>			
Redevelopment agency	\$40,361	-	40,361
Water	-	<u>569,610</u>	<u>569,610</u>
Total	<u>\$40,361</u>	<u>569,610</u>	<u>609,971</u>

Amounts represent the result of transactions occurring between funds that are representative of lending/borrowing arrangements due to overdrafts in the payable funds.

Interfund transfers:

		<u>Transfer In:</u>			
	<u>General Fund</u>	<u>Capital Projects</u>	<u>Debt Service</u>	<u>Water Fund</u>	<u>Total</u>
<u>Transfer out:</u>					
General	\$ -	40,392	6,559	-	46,951
Capital projects	6,800	-	-	-	6,800
Water	87,000	-	-	-	87,000
Sewer	<u>15,000</u>	-	<u>70,000</u>	<u>44,400</u>	<u>129,400</u>
Total	<u>\$108,800</u>	<u>40,392</u>	<u>76,559</u>	<u>44,400</u>	<u>270,151</u>

Transfers are used to move unrestricted general fund revenues to finance various programs that the government must account for in other funds in accordance with budgetary authorizations, including amounts provided as subsidies or matching funds for various grant programs.

Roosevelt City Corporation
NOTES TO FINANCIAL STATEMENTS
June 30, 2005

3-G. Redevelopment Agency Information

The following information relates to the redevelopment agency:

- (a) the tax increment collected by the agency for each project area. The agency received \$20,000 in taxes, collected by Duchesne County.
- (b) the amount of tax increment paid to any taxing agency. No taxes were paid by the agency to any other agency.
- (c) the outstanding principal amount for bonds issued or other loans incurred to finance the costs associated with the project areas. None.
- (d) the actual amount expended for:
 - (i) acquisition of property \$75,091
 - (ii) site improvement of preparation costs \$0
 - (iii) installation of public utilities or other public improvements \$0
 - (iv) administrative costs of the agency \$7,423

NOTE 4 - OTHER INFORMATION

4-A. Risk management

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters. The City participates in the Utah Local Government Trust, a public agency insurance mutual, which provides coverage for property damage and general liability. The City is subject to a minimal deductible for claims. There have been no significant reductions in insurance coverage from coverage in the prior year. Amounts of settlements have not exceeded insurance coverage in any of the past three fiscal years.

4-B. Employee pension and other benefit plans

Plan Description:

The City contributes to the Local Governmental Noncontributory Retirement System (Noncontributory System) and Public Safety Retirement System (Public Safety System) for employers with (without) Social Security coverage, all of which are cost-sharing multiple-employer defined benefit pension plans administered by the Utah Retirement Systems (Systems). The Systems provide retirement benefits, annual cost of living adjustments, death benefits and refunds to plan members and beneficiaries in accordance with retirement statutes established and amended by the State Legislature.

The Systems are established and governed by the respective sections of Chapter 49 of the Utah Code Annotated 1953 (Chapter 49) as amended, which also establishes the Utah State Retirement Office (Office) for the administration of the Utah Retirement Systems and Plans. Chapter 49 places the Systems, the Office and related plans and programs under the direction of the Utah State Retirement Board (Board) whose members are appointed by the Governor. The Systems issue a publicly available financial report that includes financial statements and required supplementary information for the Systems and Plans. A copy of the report may be obtained by writing to the Utah Retirement Systems, 540 East 200 South, Salt Lake City, UT 84102 or by calling 1-800-365-8772.

Roosevelt City Corporation
NOTES TO FINANCIAL STATEMENTS
June 30, 2005

4-B. Employee pension and other benefit plans (continued)

Funding Policy:

Plan members are required to contribute a percent of their covered salary (all or part may be paid by the employer) to the respective system to which they belong; 11.09% to the Contributory, 5.88% to the Public Safety Contributory System, respectively. The City is required to contribute a percent of covered salary to the respective systems, 11.09% to the Noncontributory, 11.09% to the Public Safety Contributory, and 19.34% to the Public Safety Noncontributory Systems. The contribution rate is the actuarially determined rate and is approved by the Board as authorized by Chapter 49.

The City's contributions to the various systems for the years ending June 30, 2005, 2004 and 2003 respectively were: for the Noncontributory System, \$74,536, \$59,785, and \$52,888, for the Public Safety Contributory, \$7,606, \$5,809, and \$4,618, for the Public Safety Noncontributory \$50,886, \$42,255, and \$33,651, respectively. The contributions were equal to the required contributions for each year.

4-C. Insurance Coverage

This information is required by one of the City's bondholders to be included in the notes to the financial statements. It is not otherwise a required item for disclosure.

The City was insured for theft, fire, and inland marine by the Utah Local Government trust and U.S Fidelity and Guarantee, as of June 30, 2005. General Liability and Auto was also carried by the Utah Local Government Trust. Eagle Insurance Co. carried the liability on the City airport as of June 30, 2005. The City Employees were insured for health and life with PEHP with the Utah Local Government Trust as agent Employee life insurance was also carried with Beneficial Life of Salt Lake City, Utah. Workman's Compensation Insurance was carried with the Utah Local Government Trust. Employee insurance premiums are currently expensed in the appropriate funds, the proration being based on employee monthly gross salaries expensed in each fund. The following is a summary of the relevant coverages at June 30, 2005:

<u>Description of Coverage</u>	<u>Amount of Coverage</u>	<u>Deductible</u>
Policy #3F-685-686-01 Position (Treasurer) Fidelity Bond (Exp.3/26/06)	\$ 226,000	
Policy #3F-685-727-02 Blanket Fidelity Bond (Exp.3/26/06)	40,000	
TGL-051 Comprehensive General Liability-Public Entity (Exp.6/30/05)	2,000,000	1,000
TGL-051 Auto Liability (Exp.6/30/04)	1,000,000	1,000
USF&G #9CP111521127200 Property (Building/Contents) (Exp.6/30/05) 90% co-insurance	3,694,081	1,000
USF&G #9CP111521127200 Property (Maintenance equipment) (Exp.6/30/05) Scheduled AMT ACV	256,605	1,000
USF&G #9CP111521127200 Property (Irrigation equipment) (Exp.6/30/05) Scheduled AMT ACV	191,400	1,000
USF&G #9CP111521127200 Property (Computers) (Exp.6/30/05) Scheduled AMT ACV	47,000	5,000
Unigard #BA6000335 Auto Physical Damage (Exp.6/30/05) ACV Comp/Collision 500/1,000*		
American Eagle #663-GLA-43-33572-Airport Operations (Exp.10/31/05)	1,000,000	
American Eagle #663-GLA-43-33572-Sale Aviation Fuel/Oil (Exp.10/31/05) Sale @ 30,575		
American Eagle #663-GLA-43-33572-Hangerkeepers (Exp.10/31/05): (One Aircraft)	50,000	1,000
(One Occurrence)	250,000	1,000

REQUIRED SUPPLEMENTAL INFORMATION
(Unaudited)

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Roosevelt City Corporation
Notes to Required Supplementary Information
June 30, 2005

Budgetary Comparison Schedules

The Budgetary Comparison Schedules presented in this section of the report are for the City's General Fund. The City has no major special revenue fund requiring budget comparison schedules.

Budgeting and Budgetary Control

Budgets for the General Fund, Special Revenue fund, Capital Projects Fund, and Debt Service Fund are legally required and are prepared and adopted on the modified accrual basis of accounting.

Original budgets represent the revenue estimates and spending authority authorized by the City Council prior to the beginning of the year. Final budgets represent the original budget amounts plus any amendments made to the budget during the year by the Council through formal resolution. Final budgets do not include unexpended balances from the prior year because such balances automatically lapse to unreserved fund balance at the end of each year.

Current Year Excess of Expenditures over Appropriations

For the year ended June 30, 2005, general fund debt service principal payments exceeded the appropriated budget by \$40,000.

Roosevelt City Corporation
**SCHEDULE OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCES - BUDGET AND ACTUAL - GENERAL FUND**
(Unaudited)
 For the Year Ended June 30, 2005

	Budgeted <u>Original</u>	Budgeted <u>Final</u>	<u>Actual</u>	Variance with Final Budget <u>Under (Over)</u>
Revenues				
Taxes	\$1,897,129	2,042,129	2,266,441	(224,312)
Licenses and permits	69,000	95,450	124,100	(28,650)
Intergovernmental revenues	207,100	207,100	185,634	21,466
Charges for services	395,300	395,300	484,912	(89,612)
Interest	10,000	10,000	30,372	(20,372)
Miscellaneous revenue	<u>81,996</u>	<u>84,996</u>	<u>95,881</u>	<u>(10,885)</u>
Total revenues	<u>2,660,525</u>	<u>2,834,975</u>	<u>3,187,340</u>	<u>(352,365)</u>
Expenditures				
General government	547,610	595,260	514,441	80,819
Public safety	960,750	1,011,900	984,116	27,784
Highways and public improvements	531,540	566,040	323,056	242,984
Parks, recreation and public property	738,450	779,600	752,876	26,724
Debt service:				
Principal	-	-	40,000	(40,000)
Interest				
Total expenditures	<u>2,778,350</u>	<u>2,952,800</u>	<u>2,614,489</u>	<u>338,311</u>
Excess (Deficiency) of Revenues over (Under) Expenditures	<u>(117,825)</u>	<u>(117,825)</u>	<u>572,851</u>	<u>(690,676)</u>
Other Financing Sources and (Uses)				
Transfers in	100,954	100,954	108,800	(7,846)
Transfers (out)	<u>(77,000)</u>	<u>(77,000)</u>	<u>(46,951)</u>	<u>(30,049)</u>
Total other financing sources and (uses)	<u>23,954</u>	<u>23,954</u>	<u>61,849</u>	<u>(37,895)</u>
Net Change in Fund Balances	\$ <u>(93,871)</u>	<u>(93,871)</u>	634,700	<u>(728,571)</u>
Fund balances - beginning of year			638,846	
Fund Balances - end of year			<u>\$1,273,546</u>	

COMPLIANCE REPORTS

MCNEIL DUNCAN

Certified Public Accountant

1160 South State Street #220 Orem, Utah 84097

Member:

American Institute of Certified Public Accountants
AICPA Division for CPA Firms:
Private Companies Practice Section

Report of Independent Certified Public Accountant on Compliance and on Internal Control Over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance With Government Auditing Standards

Honorable Mayor, Members of the City Council
Roosevelt City Corporation
Roosevelt, Utah

I have audited the financial statements of Roosevelt City Corporation (the City) for the year ended June 30, 2005, and have issued my report thereon dated December 31, 2005. I conducted my audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller general of the United States.

Compliance

As part of obtaining reasonable assurance about whether the City's financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing and opinion on compliance with those provisions was not an objective of my audit, and accordingly, I do not express such an opinion. The results of my tests disclosed no instances of noncompliance that are required to be reported under Government Auditing Standards.

Internal Control Over Financial Reporting

In planning and performing my audit, I considered the City's internal control over financial reporting in order to determine my auditing procedures for the purpose of expressing my opinion on the financial statements and not to provide assurance on the internal control over financial reporting. My consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. I noted no matters involving the internal control structure and its operation that I consider to be material weaknesses as defined above.

This report is intended for the information of management, and the City Council. However, this report is a matter of public record and its distribution is not limited.



McNeil Duncan
December 31, 2005

MCNEIL DUNCAN

Certified Public Accountant

1160 South State Street #220 Orem, Utah 84097

Member:

American Institute of Certified Public Accountants

AICPA Division for CPA Firms:

Private Companies Practice Section

INDEPENDENT AUDITOR'S OPINION ON STATE OF UTAH LEGAL COMPLIANCE

Honorable Mayor, Members of the City Council
Roosevelt City Corporation
Roosevelt, Utah

I have audited the general purpose financial statements of Roosevelt City Corporation, for the year ended June 30, 2005 and have issued my report thereon dated December 31, 2005. As part of my audit, I have audited Roosevelt City Corporation's compliance with the requirements governing types of services allowed or unallowed; eligibility; matching, level of effort, or earmarking; special tests and provisions applicable to each of its major State assistance programs as required by the State of Utah's Legal Compliance Audit Guide for the year ended June 30, 2005. The City received the following major State assistance programs from the State of Utah:

C Road Funds (Department of Transportation)

Liquor Law Enforcement (State Tax Commission)

Airport Improvement and Storm Drains (Department of Transportation)

The City also received the following non-major grants which are not required to be audited for specific compliance requirements. (However, these programs were subject to testwork as part of the audit of the City's financial statements.

Sidewalk Construction (Department of Transportation)

Court Remodeling (Utah Court Systems)

My audit also included testwork on the City's compliance with those general compliance requirements identified in the State of Utah's Legal Compliance Audit Guide including:

Public Debt
Budgetary Compliance
B & C Road

Cash Management
Property Tax
Other General Issues

Purchasing Requirements
Liquor Law Enforcement
Impact Fees

The management of Roosevelt City Corporation is responsible for the City's compliance with all compliance requirements identified above. My responsibility is to express an opinion on compliance with those requirements based on my audit.

I conducted my audit in accordance with generally accepted auditing standards and Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether material noncompliance with the requirements referred to above occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements. I believe that my audit provides a reasonable basis for my opinion.

The results of my audit procedures disclosed immaterial instances of noncompliance with the requirements referred to above, which are described in the *Schedule of Findings and Recommendations*. I considered these instances of noncompliance in forming my opinion, which is expressed in the following paragraph.

In my opinion, Roosevelt City Corporation complied, in all material respects, with the general compliance requirements identified above and the requirements governing types of services allowed or unallowed; eligibility, matching, level of effort, or earmarking; reporting; and special tests and provisions that are applicable to each of its major State assistance programs for the year ended June 30, 2005.



McNeil Duncan
December 31, 2005

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SCHEDULE OF FINDINGS AND RECOMMENDATIONS

Roosevelt City Corporation
SCHEDULE OF FINDINGS AND RECOMMENDATIONS
For the year ended June 30, 2005

STATE LEGAL COMPLIANCE
IMMATERIAL INSTANCES OF NONCOMPLIANCE

Matters from previous year:

None.

Matters from current year:

EXPENDITURES IN EXCESS OF BUDGET

Finding

Utah State Code states "Officers and employees of the entity shall not incur expenditures or encumbrances in excess of the total appropriation for any department or fund." The City's expenditures exceeded the budget in the following departments and fund:

<u>Department/Fund</u>	<u>Amount Expenditures Exceeded Budget</u>
General:	
Debt service	\$40,000

Recommendation

I recommend that the City closely monitor expenditures in all departments and funds to ensure compliance with the Utah State Code.

City Response

We will monitor department and fund expenditures more closely to ensure full budgetary compliance.

GENERAL FUND BALANCE IN EXCESS OF LIMITATION

Finding

Utah State Code (10-6-116(2)) limits the amount of fund balance in the general fund to 18% of the total "estimated revenue" of the general fund. Revenues for the year ended June 30, 2005, amounted to \$3,187,340, of which 18% amounts to \$573,721. The unrestricted fund balance in the general fund at June 30, 2005, is \$1,117,428 leaving an amount in excess of the limitation of \$543,707.

Recommendation

The recommendation is that the City reduce its unreserved fund balance to comply with the requirements of state law.

City Response

Excess balance will be budgeted in the ensuing year's budgets.

DEFICIT BALANCE IN REDEVELOPMENT AGENCY FUND

Finding

The redevelopment agency fund has a deficit balance of \$40,361 at June 30, 2005.

Recommendation:

The deficit in this fund should be eliminated during the ensuing year.

City Response

The deficit will be eliminated during the year.

DEFICIT BALANCE IN WATER FUND UNRESTRICTED NET ASSETS

Finding

Although, at June 30, 2005, the water fund has positive net assets of \$4,773,661, it has a deficit balance of \$374,114 in its unrestricted net assets. Unrestricted net assets are those available to finance day-to-day operations. The lack of such assets has required borrowing from the sewer fund to cover water fund overdrafts. This overdraft amounted to \$569,610 at June 30, 2005, however, this deficit is down from \$686,889 at the end of the prior year.

Recommendation:

A continuing effort should be made to eliminate the negative unrestricted net assets of the water fund.

City Response

We concur in this recommendation and will focus efforts to eliminate this deficit.

AUDITED FINANCIAL REPORT NOT SUBMITTED WITHIN TIME LIMIT

Finding

The audited financial report of the City for the year ended June 30, 2004, was not submitted within six months after the close of the year as required by state law.

Recommendation

It is recommended that adequate planning be made for completing the financial statements timely.

City Response

Now that we have a better understanding of GASB 34 requirements, future reports should be completed and submitted timely.